

DE 00-191

DE 00-253

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**

**Restructuring Surcharge Compliance Filing,  
Stranded Cost and Regional Access Charges, and  
Interim Energy Assistance Program Rate**

**Order Approving Rate Changes**

**O R D E R    N O.    23,606**

**December 22, 2000**

**APPEARANCES:** Dean, Rice and Kane by Mark W. Dean, Esq. for the New Hampshire Electric Cooperative; Michael W. Holmes, Esq. for the Office of Consumer Advocate; Gary Epler, Esq., James Cunningham, and Tracy B. Guyette for the Staff of the New Hampshire Public Utilities Commission.

**I.    PROCEDURAL HISTORY**

On September 1, 2000, the New Hampshire Electric Cooperative, Inc. (Cooperative or the Company) filed a petition and supporting testimony to maintain its current Restructuring Surcharge through December 31, 2000 followed by a 0.8 percent decrease in this rate on January 1, 2001. On September 25, 2000, the New Hampshire Public Utilities Commission (Commission) issued an Order Nisi (No. 23,560) approving the delay in adjusting the restructuring surcharge. The Commission postponed a decision on reducing the Restructuring Surcharge to allow for simultaneous review with the Cooperative's other January 1, 2001 rate reconciliations.

On November 3, 2000, the Cooperative filed a petition to increase its Interim Energy Assistance Surcharge from the current rate of \$0.00041 per kilowatt-hour to \$0.00071 per kilowatt-hour. On a stand-alone basis, this would result in an approximate 0.2 percent increase to the Cooperative's total average tariff revenue per kilowatt-hour. The Interim EAP petition was docketed as DE 00-253.

On November 22, 2000, the Cooperative filed a petition along with supporting testimony to change its Stranded Cost Charge and Regional Access Charge rate components effective with bills rendered on or after January 1, 2001. The requested increase to the Regional Access Charge and decrease to the Stranded Cost Charge would effectively cancel each other out, resulting in no net rate change. The November 22 petition was docketed as DE 00-191. The Restructuring Surcharge petition previously filed by the Cooperative on September 1, 2000 was included as an issue to be reviewed in Docket No. DE 00-191.

On December 1, 2000, the Commission issued an Order of Notice, scheduling a hearing on both Docket No. DE 00-253 and Docket No. DE 00-191, for December 13, 2000. On December 5, 2000, the Office of Consumer Advocate (OCA) notified the Commission it would be participating in these dockets on

behalf of residential ratepayers.

## **II. POSITIONS OF THE PARTIES AND STAFF**

### **A. The New Hampshire Electric Cooperative, Inc.**

At the hearing, the Cooperative presented the testimony of Heather K. Saladino, Manager of Rates and Finance. Ms. Saladino presented two mock bills, demonstrating the rate impact all of the proposed rate changes would have on a typical 500 kilowatt-hour per month residential customer. The net effect would be a decrease of \$0.44 per month or a 0.4 percent reduction. Ms. Saladino then described the calculation of the rate changes for the Restructuring Surcharge, the Stranded Cost Charge, the Regional Access Charge, and the Interim Energy Assistance Program (EAP) Charge.

The Cooperative's Stranded Cost Charge includes the over and under market costs of the Cooperative's power supply purchases from suppliers other than Transition and Default suppliers, costs associated with the Cooperative's 25 megawatt share of Seabrook Generation Station net of expected revenues, and amortization of the Cooperative's contract termination payment to PSNH, all of which are described in detail in Docket No. DR 98-097. The proposed Stranded Cost Charge is decreasing from \$0.02448 per kilowatt-hour to \$0.02011 per

kilowatt-hour. The primary reasons for the change include the completion of the amortization of the PSNH note, an increase in net Seabrook revenues, and an increase in projected sales for year 2001.

The increase in the Regional Access Charge is due to projected increases in ISO-NE costs, including Regional Network Service transmission costs.

Based upon enrollment to date, the Cooperative estimates that 1800 customers per month will be enrolled in the Interim EAP program during 2001. Assuming average usage of 600 kilowatt-hours per month per participant and providing a 70 percent discount to the distribution portion of participants' bills, the Cooperative will need to collect a surcharge of \$0.00071 per kilowatt-hour from all customers to fully fund the program. The Cooperative agrees with a suggestion from Staff to move the re-enrollment date, by which participants need to provide proof of eligibility, from January 31, 2001 to April 1, 2001. In addition, the Cooperative stated that they would continue to accept year 2000/2001 fuel assistance verification letters as proof of eligibility even though the 2000/2001 fuel assistance program will be over by April of 2001.

**B. Office of Consumer Advocate**

The Office of Consumer Advocate (OCA) did not present testimony, but cross-examined the Company on whether stranded costs are included in the Cooperative's ski area special contracts, the Cooperative's outreach efforts for the Interim Energy Assistance Program, ISO costs and how the Company calculated the net revenue expected from its Seabrook entitlement which is used to offset stranded costs.

**C. Commission Staff**

The Staff of the Commission (Staff) did not offer testimony, but cross-examined the Company on its large forecast increase in Independent System Operator (ISO) costs. The Company stated that a large percentage of the ISO costs are transmission congestion costs which are socialized across the New England Power Pool. Staff also questioned the Company on its forecast growth rate, which for year 2001 is 1.9 percent, and on details of the Interim EAP program. After review, Staff believes the stranded cost and regional access charges for the coming year are based upon reasonable estimates of costs. Staff auditors examined the expenses in the Cooperative's Restructuring Surcharge and found no exceptions. Based upon achievements the Cooperative has made in increasing enrollment, Staff supports the Cooperative's

efforts in its Interim EAP.

### **III. Commission Analysis.**

Following review of the Company's testimony and exhibits and after hearing the oral testimony and cross examination presented, we find the Company's petition to be in the public interest and will approve it as filed. In future filings, we direct the Company to provide a more in-depth explanation of its ISO-New England costs. The Commission has concerns about the extent to which regional transmission tariffs may be just and reasonable. For example, congestion costs were expected to diminish when the Congestion Management System was implemented, but implementation now appears to be significantly delayed. Regarding Docket No. DE 00-253, the Cooperative's Interim Energy Assistance Program, we support the Cooperative's efforts to increase enrollment. The Commission also approves of the Company moving its re-enrollment date from January 31, 2001 to April 1, 2001.

**Based upon the foregoing, it is hereby**

**ORDERED,** that the New Hampshire Electric Cooperative's Interim Energy Assistance Surcharge shall be \$0.00071 per kilowatt-hour for bills rendered effective January 1, 2001; and it is

**FURTHER ORDERED,** that the New Hampshire Electric Cooperative's Stranded Cost Charge and Regional Access Charge is approved as filed on November 22, 2000 for all bills rendered effective January 1, 2001 to June 1, 2001; and it is

**FURTHER ORDERED,** that the Restructuring Surcharge is approved at \$0.00056 per kilowatt-hour for bills rendered effective January 1, 2001 through December 31, 2001; and it is

**FURTHER ORDERED,** that the New Hampshire Electric Cooperative shall file compliance tariff pages on or before January 19, 2001.

By order of the Public Utilities Commission of New Hampshire this twenty-second day of December, 2000.

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Douglas L. Patch  
Chairman

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Susan S. Geiger  
Commissioner

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Nancy Brockway  
Commissioner

Attested by:

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Claire D. DiCicco  
Assistant Secretary